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FISCAL IMPACT STATEMENT

LS 7772

BILL NUMBER: HB 1525

NOTE PREPARED: Feb 23, 2007

BILL AMENDED: Feb 23, 2007

SUBJECT: New Home Construction and Homeowner Education.

FIRST AUTHOR: Rep. Murphy

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Notice to Home Buyers:* The bill provides that after June 30, 2007, a builder may not enter into a home construction contract with a prospective home buyer unless the builder first gives the prospective home buyer a written estimate of the property taxes that: (1) will be owed by the prospective home buyer on the new home; and (2) are based on an assessment made on the first assessment date after the construction of the new home is complete.

It specifies that the required estimate may not be based on an assessment of unimproved real estate. It also requires the Indiana Housing and Community Development Authority to prescribe a form to be used by builders in making the required disclosure.

At-Risk Home Buyers: The bill defines an "at-risk home buyer" as a person who: (1) has a credit score that is less than 620; and (2) seeks to obtain a home loan from a creditor. The bill requires the Authority to prepare and make available to creditors home ownership educational materials for use by at-risk home buyers. The bill provides that after June 30, 2007, a creditor may not enter into a home loan with an at-risk home buyer unless the creditor first gives the at-risk home buyer the educational materials prepared by the Authority.

Truth in Lending Act: The bill requires a creditor who advertises a home loan to comply with certain advertising requirements in the federal regulations that implement the federal Truth in Lending Act.

Effective Date: Upon passage.

Explanation of State Expenditures: The Housing and Community Development Authority may incur

minimal administrative costs to prescribe a form for a builder to give notice containing an estimate of the property taxes that will be owed by the prospective home buyer prior to entering into a home construction contract. Also the Authority may incur additional administrative cost to prepare written home ownership education materials for at-risk home buyers in Indiana. These costs are expected to be within the current level of resources available to the Authority.

Background on the Indiana Housing and Community Development Authority: The Authority is a quasi-governmental agency administered by the Lieutenant Governor's Office. The Authority uses federal and state matching dollars along with local dollars to administer financial vehicles and incentives to create affordable housing for rent or purchase as well as supportive facilities.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Housing and Community Development Authority.

Local Agencies Affected:

Information Sources:

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